

# OFFICE OF AUDITS & ADVISORY SERVICES



## P-CARD ALLOWABLE VENDORS

### *FINAL AUDIT REPORT*

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# County of San Diego

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March 6, 2012

**TO:** Winston McColl, Director  
Department of Purchasing & Contracting

**FROM:** Thomas G. Philipp  
Chief of Audits (Acting)

**FINAL REPORT: P-CARD ALLOWABLE VENDORS**

Enclosed is our report on the P-Card Allowable Vendors. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5665.

**THOMAS G. PHILIPP**  
Chief of Audits (Acting)

**AUD:CTA:aps**

Enclosure

c: Mikel D. Haas, Deputy Chief Administrative Officer, Community Services Group  
Donald F. Steuer, Chief Financial Officer  
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller  
Kaye Hobson, Group Finance Director, Community Services Group

## INTRODUCTION

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### **Audit Objective**

The Office of Audits & Advisory Services (OAAS) completed an audit of the Procurement Card (P-Card) Allowable Vendors. The objective of the audit was to determine whether P-Card payments made through payment services such as PayPal are properly reviewed and approved to ensure compliance with County policies.

### **Background**

The objective of the County's P-Card program is to streamline the process of making small dollar purchases, reducing overhead costs and time delays associated with preparing individual requisitions and purchase orders, processing individual receiving transactions, and printing and distributing checks to suppliers. The Department of Purchasing & Contracting (P&C), as the County's P-Card Administrator, is responsible for ensuring that adequate controls are in place for P-Card purchases.

According to P&C's P-Card Policies and Procedures Manual (P-Card Manual), payments to suppliers through a payment service such as PayPal should be avoided in order to prevent service fees on top of the cost of the purchase. However, when there is no other practical option to pay for the item, departments may allow the use of payment service providers to make a P-Card purchase.<sup>1</sup>

### **Audit Scope & Limitations**

The audit covered P-Card purchases made from July through October 2011 utilizing PayPal.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

### **Methodology**

OAAS performed the audit using the following methods:

- Reviewed the P-Card Manual to identify criteria for proper P-Card use and determined the responsibilities of cardholders and Approving Officials (AOs) for reviewing and approving P-Card purchases;
- Reviewed Oracle system reports to determine if certain roles (e.g. Cardholder, AO, etc.) were properly assigned to ensure segregation of duties over the P-Card purchase and approval functions;
- Selected a sample of 29 P-Card purchases made through PayPal by employees from the following departments:

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<sup>1</sup> For transactions included in the scope of the audit, PayPal was the only payment service provider identified.

Health and Human Services Agency, Department of Public Works, Department of Environmental Health, Sheriff's Department, and Parks & Recreation Department; and

- Reviewed all supporting documentation for the sampled purchases to determine if:
  - The P-Card purchases were pre-approved in writing by the AOs;
  - Statements of Account, Purchase Logs, and vendor invoices were completed, maintained, and reconciled monthly by the cardholder and reviewed by the AOs; and
  - Purchased goods and services were appropriate and provided by reputable vendors.

## AUDIT RESULTS

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### Summary

Within the scope of the audit, there is reasonable assurance that P-Card payments made through payment services such as PayPal are properly reviewed and approved to ensure compliance with County policies. Based on our review of the sampled transactions, the same controls are applied by P&C and Departments for standard P-Card purchases and purchases made through PayPal.

## Office of Audits & Advisory Services

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